

Message Text

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ACTION ARA-10

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FM AMEMBASSY BUENOS AIRES

TO USDOC WASHDC

INFO SECSTATE WASHDC 7582

UNCLAS BUENOS AIRES 5807

E.O. 11652: N/A

TAGS: BEXP, AR

SUBJECT: SPECIAL TRADE OPPORTUNITY: INTEGRATED STEEL PLANT.

REF: BA-3226

1. ACTING ECOM COUNSELOR CALLED LAST WEEK ON GENERAL EMILIANO FLOURET, PRESIDENT OF FABRICACIONES MILITARES, (FM) TO EXTEND TO HIM, ON BEHALF OF THE AMBASSADOR AND THE DEPARTMENT OF STATE, AN INVITATION TO ACCEPT A LEADER GRANT. GENERAL FLOURET TOOK ADVANTAGE OF THE OCCASION TO REITERATE HIS DESIRE TO SECURE A STEEL PRODUCING COMPANY AS A PARTNER FOR FM IN BUILDING A NEW INTEGRATED STEEL PLANT AS DESCRIBED IN REFTEL.

2. HE WAS INFORMED THAT THE NEWS OF THE ARGENTINE GOVERNMENT'S PLAN TO BUILD A NEW STEEL PLANT, UNDER THE OPERATION OF FM HAD BEEN BROUGHT TO THE ATTENTION OF U.S. STEEL PRODUCERS. HE SAID THAT NO PROSPECTIVE PARTNERS HAVE COME FORWARD, AND REQUESTED THAT THE EMBASSY AGAIN BRING THE MATTER TO THE ATTENTION OF AMERICAN STEEL PRODUCERS. HE SAID THE DEADLINE MENTIONED IN PARAGRAPH 5 REFTEL HAS BEEN EXTENDED UNTIL SEPTEMBER 6, 1974. THE PROJECT'S COST ESTIMATE HAS BEEN INCREASED TO ABOUT US\$1.5 BILLION, OF WHICH THE U.S. PARTNER WOULD BE EXPECTED TO CONTRIBUTE 10-20 PERCENT.

3. THE EMBASSY WOULD APPRECIATE DEPARTMENT OF COMMERCE INFORMING US WHETHER THERE ARE ANY LIKELY CANDIDATES AS PARTNERS FOR THIS PROJECT. IF THERE HAVE BEEN NEGATIVE REACTIONS, WE WOULD BE INTERESTED IN KNOWING IF ANY SPECIFIC

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REASONS WERE GIVEN.

4. THE DEPARTMENT MAY WISH TO POINT OUT TO U.S. FIRMS THAT FABRICACIONES MILITARES IS A GOVERNMENT-OWNED INDUSTRIAL COMPLEX, RUN BY THE MINISTRY OF DEFENSE (SPECIFICALLY THE ARMY) AND THAT FOREIGN FIRMS ASSOCIATED WITH FM COULD BE EXPECTED TO HAVE SOME DEGREE OF IMMUNITY FROM SOME OF THE PROBLEMS WHICH ARE AFFLICTING MANY FOREIGN OWNED FIRMS IN ARGENTINA.
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